



Energy Advisory Committee
Tuesday, September 4, 2012 1:00 p.m.
House Room C, General Assembly Building

Meeting Focus: Alternative Transportation Energies

The Energy Advisory Committee held its first meeting of the 2012 Interim on Tuesday, September 4, 2012.

After Delegate John Cosgrove, chair of the Advisory Committee, called the meeting to order and the members of the Advisory Committee introduced themselves, staff highlighted two bills that were adopted by the 2012 Legislative Session of Interest to the Advisory Committee: House Bill 232, a bill that allows the use of renewable thermal energy to satisfy Renewable Portfolio Standard goals, and House Bill 894 relating to the criteria used by the State Corporation Commission to approve energy efficiency programs. Both bills related to topics that were presented to the 2011 Energy Advisory Committee.

The focus of the meeting then turned to a discussion of emerging energies used in transportation, and a discussion of the current taxation of alternative transportation fuels. Delegate Cosgrove said that transportation funding is of the utmost importance to the Commonwealth. As vehicles become more fuel efficient, and as alternative fuels are utilized, less money is available for new transportation construction. He said that the Secretary of Transportation of the Commonwealth has said many times that Virginia will lack funding for new construction in just a few years without finding new sources of revenue, and that all transportation revenue will be required to be used for road maintenance. Delegate Cosgrove commended that we need to figure out how to generate these revenues fairly.

Committee members were asked to share their thoughts as to what alternative energies were currently viable, and what energies might become commercially viable in the near future. Members questioned the likelihood that hydrogen fuel cells would become commercially viable, given the volatility of hydrogen, the decision by the federal government to end funding for fuel cell research, and the difficulty of finding refueling stations. One member of the committee highlighted the potential of biodiesel as an economic development driver, and suggested that policies be reviewed that could be implemented to help commercial producers of biodiesel.

Discussion turned to the need for the traditional gas tax to evolve. It was noted by several members that using gas tax as a revenue producer for transportation has become

outdated, and the emphasis should be on tying funding to use of the roads -- whether that user drives a gas-powered vehicle, and electric vehicle, or something else. Delegate Cosgrove noted that the gas tax has not been raised in decades. He also observed that despite a wide discrepancy in the gas tax between states on the eastern seaboard, the price of gas did not vary widely between, for example, similar urban areas in New Jersey, Virginia, and North Carolina. He questioned why this was the case, and suggested that this be a topic to study at a future meeting.

Staff indicated that currently, the gas tax in Virginia is \$.175 per gallon of gas, or in the case of alternative fuels, gallon equivalency. Legislation adopted by the 2012 Session of the General Assembly also imposes an annual \$50 fee for electric vehicles registered in the Commonwealth, to offset the fact that these vehicles use the roads of the Commonwealth but do not pay gas tax. A representative from the Department of Motor Vehicles provided comprehensive information to the Advisory Committee concerning the collection of motor fuels taxes in the Commonwealth, and explained how the road tax for heavy vehicles (over 26,000 pounds) is administered and collected.

Discussion also touched on alternative programs. The Oregon pilot program that would tax miles driven, as opposed to fuel purchased, was mentioned. Additionally, concept of a "Fare Share" program that would charge a vehicle a \$.50 surcharge every time it refueled was mentioned. Such a program was the subject of 2012 legislation in Virginia that did not pass. The bill would have allowed the revenues generated by the surcharge to be used for transportation purposes in the jurisdiction in which it was collected.

Delegate Cosgrove indicated that this was a complicated program, and invited the committee members to keep thinking about the issue after the meeting, and to share any ideas about a solution with legislators.

Before adjourning, Delegate Cosgrove indicated that at the next meeting, he would like to learn about alternative energy sources that are viable and affordable in the Commonwealth. He would also like to hear from subject matter experts who can suggest reasonable policies that the Commonwealth might adopt to assist in the viability of these energies.

Future Meeting Date:

Tuesday, October 2

10:00 a.m., House Room C, GAB

Wednesday, November 7

10:00 a.m., House Room C, GAB